

Annual report 2018

**Think
ahead**

Conference call 27 February 2019
CEO Torben Rosenkrantz-Theil
CFO Flemming Steen

Iceland
10 Large Eggs
Eggs from caged hens



2018 in brief

Volume growth



- Intensified sales efforts
- Market share gains
- Increased premium share

Perform 2018



- Sales promoting initiatives
- Efficiency enhancements
- Full effect in 2019

Capacity expansion



- Europe and South America
- Leverage demand
- Platform for growth

Capacity utilisation



- Strong utilisation in Europe
- Optimisation in South America
- Growth in North America

Currency reduced revenue by DKK 244m and operating profit by DKK 40m in 2018 following significant movements in ARS, a.o.

Revenue

DKK 2,207m

DKK 2,207m in 2017

Profit margin

10.2%

10.7% in 2017

ROIC

17.2%

17.1% in 2017

CAPEX

DKK 129m

DKK 208m in 2017



Business overview

Americas

Revenue: DKK 867m (-6%)

Profit margin: 11.1% (2017: 11.2%)

Volume growth offset by significant currency and IAS 29
Earnings further impacted by input and production costs

Europe

Revenue: DKK 1,340m (+4%)

Profit margin: 11.3% (2017: 12.2%)

Strong volume growth in core business lifted revenue
Sales prices, energy costs and currency effects impacted financials

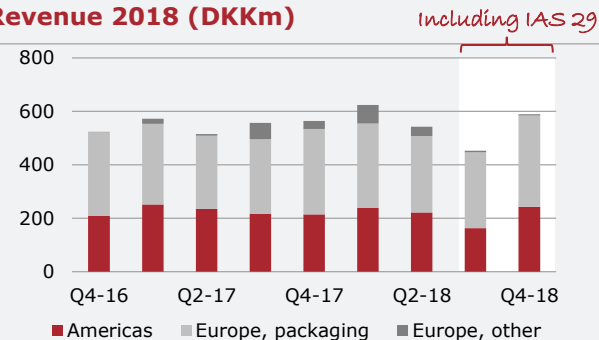


Financials 2018

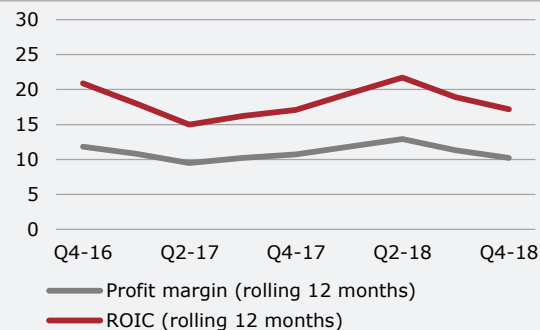
- Strong volume growth ensured stable revenue despite adverse currency impact
 - Packaging volumes grew across markets
 - Higher premium share countered by lower average sales price
- Solid profitability despite higher energy costs and currency effects
 - Earnings supported by volume growth and 'Perform 2018'
 - Adverse impact from energy costs and repayment of energy subsidy
- Currency impacted revenue by DKK -244m and operating profit by DKK -40m
 - Significant impact from development in ARS

DKKm	2018	2018 excl. IAS 29	2017
Revenue	2,207	2,224	2,207
Operating profit	215	226	235
Special items	(33)	(33)	(14)
Profit	96	103	122
Free cash flows (operating and investing)	136	136	52
Invested capital	1,321	1,288	1,339
Profit margin, %	9.7	10.2	10.7
ROIC, %	16.0	17.2	17.1

Revenue 2018 (DKKm)



Profit margin and ROIC excl. IAS 29 (%)



Strategy

Think ahead...

- Leverage positive trends and drivers
- Invest to accommodate growing demand
- Enhance utilisation of production capacity
- Improve efficiency through automation and technology development
- Intensify marketing efforts
- Explore potential for attractive acquisitions

...to strengthen Hartmann's positions

- World leader in egg packaging
- Leader in fruit packaging in selected markets
- Preferred supplier of machinery and technology



Focus



Capacity



Efficiency improvements



Marketing

Strengths



Expertise



Platform



Products



Technology

Trends



Demographics



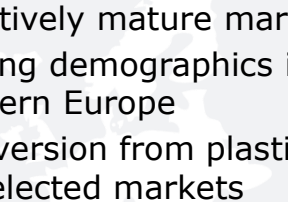
Sustainability



Consumer behaviour

Trends and initiatives

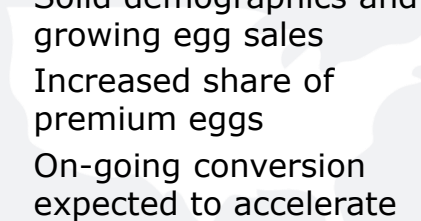
Europe

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- A faint, light-colored map of Europe is visible in the background of the text.
- Relatively mature markets
 - Strong demographics in Eastern Europe
 - Conversion from plastics in selected markets

Initiatives

- Step up marketing
- Expand existing capacity
- Increase automation
- Develop technology

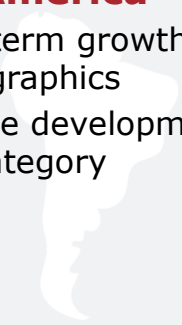
North America

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- A faint, light-colored map of North America is visible in the background of the text.
- Solid demographics and growing egg sales
 - Increased share of premium eggs
 - On-going conversion expected to accelerate

Initiatives

- Intensify marketing
- Improve capacity utilisation
- Implement new technology
- Add capacity at existing sites

South America

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- A faint, light-colored map of South America is visible in the background of the text.
- Long-term growth from demographics
 - Positive development in egg category

Initiatives

- Improve capacity utilisation
- Automate and upgrade
- Optimise production allocation
- Expand capacity

Guidance 2019 and financial ambitions

Guidance 2019

Revenue

DKK 2.2-2.4bn

Profit margin*

9-11%

CAPEX*

DKK ~200m

- Volume growth and higher average sales prices in core business
- Normalised technology sales
- Full effect of 'Perform 2018' initiatives
- Improved capacity utilisation and efficiency
- Higher paper and energy costs
- Adverse currency effects

**Before restatement for hyperinflation*

Ambitions

Continual growth in packaging sales



Year-on-year revenue growth



Profit margin* of at least

14%

Q&A



Think ahead

   Iceland
10 Large Eggs

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Upcoming events

Annual general meeting	9 April 2019
ABG Small and Mid Cap seminar	24 April 2019
Q1 interim report	7 May 2019
Q2 interim report	13 August 2019
Q3 interim report	14 November 2019



Torben Rosenkrantz-Theil
CEO



Flemming Steen
CFO

Appendix: Key figures and financial ratios

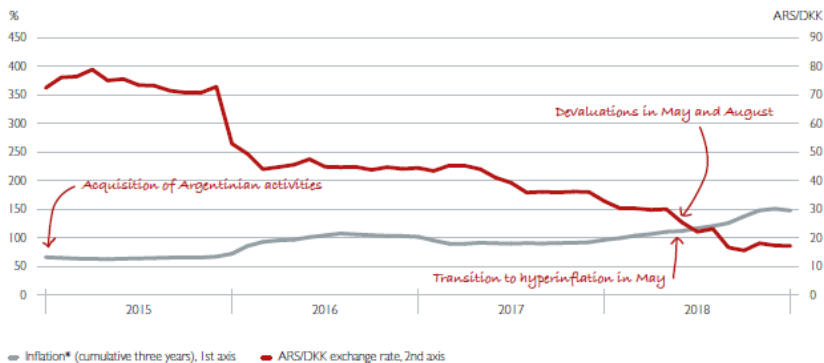
DKKm	Q4			FY		
	2018	2018 excl. IAS 29	2017	2018	2018 excl. IAS 29	2017
Revenue	588	566	564	2,207	2,224	2,207
Europe, packaging	341	341	319	1,226	1,226	1,175
Europe, machinery and technology	5	5	30	115	115	116
Americas	243	221	215	867	884	917
Operating profit	49	48	74	215	226	235
Europe	38	38	52	152	152	158
Americas	17	19	25	87	98	103
Special items	(3)	(3)	(14)	(33)	(33)	(14)
Net financials	0	3	(9)	(46)	(56)	(54)
Profit	33	37	29	96	103	122
Free cash flows	47	47	92	136	136	52
Profit margin, %	8.4	8.4	13.0	9.7	10.2	10.7

Appendix: Balance sheet

DKKm	31.12.18	31.12.18 excl. IAS 29	31.12.17
Assets	1,834	1,804	1,865
Net working capital (NWC)	287	287	312
Invested capital (IC)	1,321	1,288	1,339
Net interest-bearing debt	577	577	641
Equity	765	742	746
ROIC, %	16.0	17.2	17.1
Equity ratio, %	41.7	41.1	40.0
Gearing, %	75.4	77.8	85.9

Appendix: Hyperinflation

Inflation and exchange rate developments in Argentina



Effects of restating for hyperinflation on selected accounting figures

DKKm	2018 Excl. IAS 29	Price index adjustments	Re- translation	Total adjustment	2018
Revenue	2,224	41	(58)	(17)	2,207
Operating profit before depreciation	356	6	(14)	(8)	348
Operating profit	226	1	(12)	(11)	215
Financial items, net	(56)	(1)	11	10	(46)

* Restatement for hyperinflation is made based on Argentina's Wholesale Price Index up to 31 December 2016 and on the National Consumer Price Index from 1 January 2017.

Effect of restating revenue



The total effect on 2018 revenue of IAS 29 implementation is a combination of restating for price index developments and the effect of transitioning to translating the Argentine peso into Danish kroner at the exchange rate at the balance sheet date.

Even though the consolidated financial statements were favourably affected in the amount of DKK 41 million by the average annual increase in the price index of 48% during the period under review, the total effect of restating for hyperinflation was negative. The ARS/DKK cross rate fell from 32.9 at the beginning of the year to 17.3 at 31 December 2018. The new currency translation practice based on the exchange rate at the balance sheet date, as opposed to the exchange rate at the date of transaction, thus reduced Hartmann's revenue by DKK 58 million.

Hartmann's 2018 revenue was DKK 2,207 million after a total negative impact of restating for hyperinflation of DKK 17 million.

Read more in the annual report 2018 Pages 23-24 and note 36...

Forward-looking statements

Disclaimer

This presentation contains forward-looking statements reflecting management's expectations of future events and must be viewed in the context of among other things the business environments and currency markets, which may cause actual results to deviate materially from those projected by Hartmann.